



# **St Helena Government**

## **BUDGET EXECUTION REPORT**

**FINANCIAL YEAR 2022/23**

**PERIOD 3 (JUNE)**

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## INTRODUCTION

Budget execution is monitored by the Treasury Directorate. The Budget Execution Report (BER) provides an update on the implementation of the annual budget for the General Reserve of the Consolidated Fund. This BER is for June, period 3 for the financial year 2022/23.

The Treasury and Foreign and Commonwealth Development Office (FCDO) officials meet on a monthly basis to discuss spend and forecasting. The BER is provided to evidence the use of financial aid. 66% of the original appropriated expenditure budget is financed by FCDO financial aid.

The cumulative budget position for the period April 2022 to June 2022, is summarised in the Statement of Comparison of Budget and Actual (Statement) on page 7. The Statement has been prepared in line with the Summary of Budgeted Expenditure and Revenue in the Budget Book, to provide a direct link with the appropriated expenditure budgets. Explanatory notes are included for significant variations between the budgeted and actual expenditure and revenue.

The BER includes an overview of the budget position and outturn to enhance the understanding of the Statement and progress in delivering a balanced outturn for the year.

The BER is published on the government website <https://www.sainthelena.gov.sh/portfolios/treasury-infrastructure-and-sustainable-development/treasury/>.

## BUDGET

The annual budget for the General Reserve of the Consolidated Fund was appropriated on 18 May 2022. The original expenditure budget for 2022/2023 is £44,678k. The Budget book can be viewed on the Saint Helena Government website at <https://www.sainthelena.gov.sh/portfolios/treasury-infrastructure-and-sustainable-development/treasury/>.

The table below provides an analysis of the approved expenditure budgets and how the budget will be funded.

Budget Components	Original Budget £000
Recurrent Expenditure	43,592
Capital Expenditure	1,086
<b>Total Expenditure</b>	<b>44,678</b>
FCDO Financial Aid	29,670
Local Revenue	13,786
Contribution from the General Reserve	1,222
<b>Total Funding</b>	<b>44,678</b>

The contribution from the General Reserve is for specific items of expenditure.

Items	Original Budget £000
Capital investment for the St Helena Airport	479
Refurbishment and Upgrades in the Health Directorate	513
Independent Assessment of a Health Clinical Service	200
Investment in the Fish Processing Plant	30
<b>Total</b>	<b>1,222</b>

## OUTTURN

### Budget Deficit

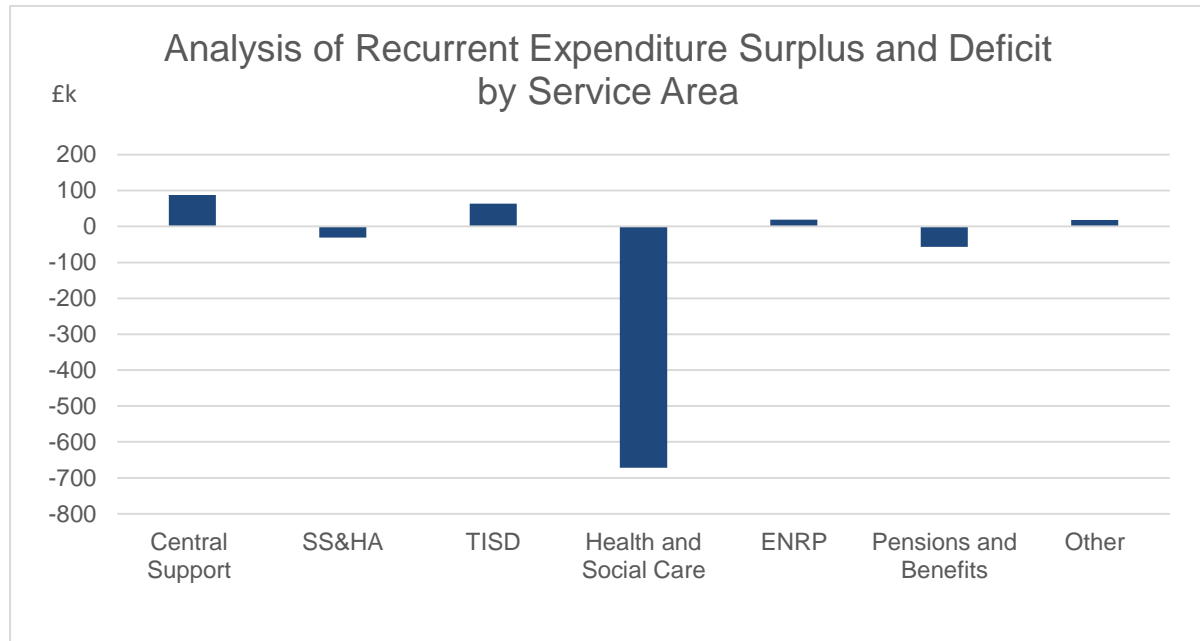
A cumulative deficit of £981k is reported in June.

The cumulative deficit is £628k more than the phased budget deficit. This is attributed to excess recurrent expenditure of £571k and shortfall in revenue is £70k. Capital expenditure is £13k less than the phased budget.

£22k of the cumulative deficit is covered by the contribution from the General Reserve.

### Recurrent Expenditure

The chart below shows the under and overspends for recurrent expenditure by service areas.



### Revenue

The £70k shortfall in revenue is mainly due to taxes from Customs Dues. An analysis of customs dues is included in the table below.

	Ad Valorem £000	Alcohol £000	Tobacco £000	Other Dues £000	Total £000
Actual	442	213	155	180	990
Budget	490	285	195	212	1,182
<b>Variance</b>	<b>(48)</b>	<b>(72)</b>	<b>(40)</b>	<b>(32)</b>	<b>(192)</b>

## Areas of Concern

### 1. Health and Social Care Portfolio:

- **Overseas Medical Treatment expenditure**  
The annual budget is £1.5M. The monthly budget allocation is £125k. Expenditure to June is £796k, representing more than 50% of the annual budget. At the end of June, there were 56 patients receiving medical treatment overseas. Patient numbers have increased in comparison with April (46) and May (53).
- **Aero Medical Evacuation expenditure**  
The annual budget is £200k comprising five flights at an estimated cost of £40k per flight. Four flights were activated to June costing £190k, that is, an average of £47k per flight (including refuelling costs). The balance of the allocated annual budget is insufficient to fund any further flights.
- **Social Care Directorate expenditure**  
An overall deficit of £75k is reported against the phased budget to June. £872k has been spent to June representing 27% of the annual budget allocation of £3,244k. Future spend will be closely monitored.

### 2. Treasury, Infrastructure and Sustainable Development Portfolio

- **Subsidy to Connect Saint Helena Ltd**  
The actual cost per litre of diesel during May and June exceeded the cost assumption in the subsidy granted to Connect Saint Helena Ltd. Additional subsidy is payable in line with the fuel risk share element of the subsidy arrangement. The additional subsidy to June totalled £96k. Application will be made to draw on funding from the contingency Call Down Fund to meet the additional subsidy.
- **Taxes – Customs Dues**  
Actual revenue is £192k less than the phased budget to June. The future revenue position will be closely monitored.

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

	Actual £	Year to Date Budget £	Variance £	%	Notes
<b>EXPENDITURE</b>					
<b>Appropriated Recurrent Expenditure</b>					
Central Support Service	2,557,000	2,644,755	87,755	3	1
Attorney General's Chambers	44,935	49,010	4,075	8	
Safety, Security and Home Affairs	584,348	553,496	(30,852)	(6)	2
Judicial Services	30,092	37,632	7,540	20	3
Treasury, Infrastructure and Sustainable Development	2,551,794	2,615,334	63,540	2	4
Education, Skills and Employment	836,735	843,341	6,606	1	
Health and Social Care	2,870,049	2,197,905	(672,144)	(31)	5
Environment, Natural Resources and Planning	368,306	387,439	19,133	5	
	9,843,259	9,328,912	(514,347)	(6)	
<b>Statutory Recurrent Expenditure</b>					
Pensions and Benefits	1,250,627	1,193,560	(57,067)	(5)	6
<b>Total Recurrent Expenditure</b>	<b>11,093,886</b>	<b>10,522,472</b>	<b>(571,414)</b>	<b>(5)</b>	
<b>Appropriated Capital Expenditure</b>					
Treasury, Infrastructure and Sustainable Development	7,299	10,000	2,701	27	
Safety, Security and Home Affairs	1,664	14,000	12,336	88	7
Health and Social Care	1,568	0	(1,568)	0	
<b>Total Capital Expenditure</b>	<b>10,531</b>	<b>24,000</b>	<b>13,469</b>	<b>56</b>	
<b>TOTAL EXPENDITURE</b>	<b>11,104,417</b>	<b>10,546,472</b>	<b>(557,945)</b>	<b>(5)</b>	
<b>REVENUE</b>					
<b>Local Revenue</b>					
Taxes	2,299,723	2,389,233	(89,510)	(4)	8
Duty & Licences	55,481	56,802	(1,321)	(2)	
Fines & Fees	136,537	153,417	(16,880)	(11)	9
Government Rents	70,215	69,897	318	0	
Earnings Government Departments	7,426	13,263	(5,837)	(44)	10
Income Received	19,752	6,000	13,752	229	11
Treasury Receipts	42,661	18,360	24,301	132	12
Recharges	73,667	68,118	5,549	8	13
	2,705,462	2,775,090	(69,628)	(3)	
<b>External Funding</b>					
FCDO Core Financial Aid	6,697,500	6,697,500	0	0	
FCDO Airport Operations Financial Aid	720,000	720,000	0	0	
	7,417,500	7,417,500	0	0	
<b>TOTAL REVENUE</b>	<b>10,122,962</b>	<b>10,192,590</b>	<b>(69,628)</b>	<b>(1)</b>	
<b>SURPLUS/ (DEFICIT)</b>	<b>(981,455)</b>	<b>(353,882)</b>	<b>(627,573)</b>	<b>177</b>	

## Notes to the Statement of Comparison of Budget and Actual

The notes below provide explanations for variances between the budget and actuals for the year to date, which are more than 5% and £5k or more than £50k.

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
	<b>Recurrent Expenditure</b>			
1	Central Support Service	87,755	3	Delay in recruitment of TC Officers £80k - successful candidates have experienced delays with clearance processes to enable travel to Saint Helena and there is a corporate requirement to identify budget savings. An under spend of £8k is also reported for costs for the UK Representative.
2	Safety, Security and Home Affairs	(30,852)	(6)	Reported overspends include IT recharges £10k, IT licence renewals £15k and administration costs £6k.
3	Judicial Services	7,540	20	Under spends reported for contracts £6k and legal fees £4k, partially reduced by overspends.
4	Treasury, Infrastructure and Sustainable Development	63,540	2	<p>Postponement of contracts and promotional activity £60k - Marketing contracts, arrangements for the Travel Show and marketing of Brand Saint Helena have been postponed due to the uncertainty with regard to the lifting of quarantine restrictions on Saint Helena.</p> <p>The reported under spend is the net result for the portfolio. Significant overspends are also recorded: £96k for the subsidy to Connect Saint Helena Ltd due to increases in fuel costs and £68k for legal fees.</p>
5	Health and Social Care	(672,144)	(31)	<p>Excess expenditure for Health £597k and Social Care £75k.</p> <p>Major categories of the Health excess expenditure include:</p> <ul style="list-style-type: none"> <li>Overseas Medical Treatment £421k - The monthly budget provision is £125k. At the end of June, there were 56 patients receiving treatment overseas;</li> <li>Aero Medical Evacuation £110k - Two additional medical evacuation flights were activated and the average evacuation cost of £47k exceeded the budget provision of £40k per flight; and</li> </ul>



Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				<ul style="list-style-type: none"> <li>Medical Supplies £165k – goods are expensed in full when payment is processed. Accounting adjustments are required to expense only those goods that have been issued and not goods that are held in stock.</li> </ul> <p>The excess expenditure for Social Care is mainly attributed to Employee Costs £94k.</p> <p>The reported excess expenditure is partially offset by under spends recorded in other areas.</p>
6	Pensions and Benefits	(57,067)	(5)	<p>Defined Benefit Pensions £16k – Three employees retired earlier than anticipated.</p> <p>Social Benefits £32k - The Shared Household Deduction legislation was revoked in April 2022 resulting in an increase in the number of eligible claimants.</p> <p>Basic Island Pension £8k – The actual payments to new pensioners were more than the budget provision.</p>
	<b>Capital Expenditure</b>			
7	Safety, Security and Home Affairs	12,336	88	Mooring chains were received later than budgeted.
	<b>Revenue</b>			
8	Taxes	(89,510)	(4)	<p>Revenue shortfall is reported for customs dues on alcohol (£72k), tobacco (£40k) and other (£48k).</p> <p>The impact of these revenue shortfalls has been partially reduced by the increase in revenue from PAYE tax.</p>
9	Fines & Fees	(16,880)	(11)	There has been a delay in invoicing patients for medical treatment.
10	Earnings Government Departments	(5,837)	(44)	Revenue shortfall for stamp sales £6k.
11	Income Received	13,752	229	Revenues from incidental and adhoc services were more than budgeted.
12	Treasury Receipts	24,301	132	Interest on investments has been favourable.
13	Recharges	5,549	8	Customs dues on imports by the Health Service was more than anticipated.

## FCDO FINANCIAL AID

### Financial Aid Package

The financial aid package comprises: £26.79 million for core financial aid, £2.88 million for the St Helena Airport operations and contingency call down funding of £2.12 million.

Both the core financial aid and the allocation for airport operations are ring fenced.

The contingency call down funding can be requested for litigation and legal costs associated with historical negligence cases, aero medical evacuation costs, overseas medical treatment costs and costs to maintain access to the Island. This funding will be called upon if the budget risks identified during the planning stage materialises.

### Tranches received

Tranche 1 was received in May 2022. £9,890,000 was provided for the period April to July 2022.

### Performance Indicators

Budget performance is monitored by the FCDO through a series of performance indicators throughout and at the year end. The tables below tracks two of the financial indicators for performance during the year.

Performance Indicator	Actual for Year to Date £000	Budget for Year to Date £000	Approved Budget £000
Local revenue (excluding recharges)	2,632	2,707	13,358
Total revenue (excluding recharges)	10,049	10,125	43,028
<b>Local Revenue as a % of Total Revenue</b>	<b>26.2%</b>	<b>26.7%</b>	<b>31.0%</b>

Performance Indicator	Actual for Year to Date £000	Approved Budget £000
St Helena Airport Recurrent Expenditure	732	2,880
St Helena Airport Approved Budget	750	2,880
<b>St Helena Airport Recurrent Expenditure as a % of the Approved Budget</b>	<b>97.6%</b>	<b>100%</b>